

TENNESSEE REGULATORY AUTHORITY

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Pat Miller, Chairman
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2004 DEC 22 AM 8:18

460 James Robertson Parkway
Nashville, Tennessee 37243-0505
T.R.A. DOCKET ROOM

December 20, 2004

H. LaDon Baltimore
Farrar & Bates, LLP
211 - 7th Avenue North, Suite 420
Nashville, TN 37219-1823

RE: Docket # 04-00372 – Petition of Hickory Star Water Company, LLC For Approval of Wholesale Water Rate Pass-Through Mechanism

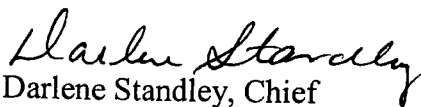
Dear Mr. Baltimore:

In our review of the above petition, we find that additional information is needed to clarify the filing. Please provide thirteen copies of your response addressed to the Chairman's office by January 5, 2005.

1. Provide the gallons of water purchased each month by commercial customer #24 for 2002, 2003 and 2004.
2. Explain how the flat rate for commercial customer #24 was derived.
3. Explain the effect of the wholesale water rate pass-through mechanism on commercial customer #24.
4. Exhibit #3 provides the wholesale water rates charged by Maynardville. List any additional charges paid by Hickory Star Water Company for wholesale water purchases including taxes and excluding the \$1,623 monthly charge.
5. Provide a schedule in Excel format showing the Company's customers and sales volumes by month for 2004.
6. Provide the monthly invoices for wholesale water purchases for 2004.
7. The water usage reported on 2002 and 2003 invoices and in retail sales spreadsheets for 2002 and 2003 differ significantly. In 2003, more water appears to have been sold than purchased. Explain the difference in wholesale and retail units for these years and for 2004 if a difference exists.

Thank you for your attention to this matter. If you should have any questions, you may contact Ginger Collier at (615) 741-2904, ext. 174.

Sincerely,


Darlene Standley, Chief
Utilities Division